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MEMORANDUM FOR: Executive Secretary
Deputy Director for Administration
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Legislative Counsel
Inspector General
Chief, Audit Staff
Comptroller
Administrative Officer, DCI

FROM : Anthony A. Lapham
General Counsel

SUBJECT : Conflict of Interest -- Employment and Financial
Interest Statements

STATINTL

1. As you are aware, Reporting Employment and Financial Interests, which is based upon conflict of interest statutes and Executive Order 11222, prescribes standards for reporting employment and financial interest information to permit the Agency to determine the existence of a conflict, or apparent conflict, of interest. As in the past the Civil Service Commission is reminding federal agencies that financial interest statements are soon due. Each of you plays a major role in reviewing the statements of employees within your respective components. This memorandum delineates the filing requirements and provides a schedule for reporting your findings to me.

2. Agency personnel required to file such statements (Form 2630) are those personnel:

(a) paid at a level of the Federal Executive Salary Schedule; or

(b) classified at GS-13 or above, or at a comparable pay level, in positions determined by the appropriate Deputy Director, Operating Official, or Head of Independent Office to be positions

whose incumbents are responsible for making a Government decision or taking a Government action regarding (1) contracting or procurement; (2) administering or monitoring grants or subsidies; (3) regulating or auditing private or other non-Federal enterprise; or (4) other activities where the decision or action has an economic impact on the interests of any non-Federal enterprise; or

(c) classified at GS-13 or above, or at a comparable level, in positions which the appropriate Deputy Director, Operating Official, or Head of Independent Office has determined to have duties and responsibilities which require the incumbent to report employment and financial interests in order to void involvement in a possible conflict of interest.

Filing procedures and responsibilities are outlined in

STATINTL

3. In addition to the preparation and filing of an initial statement-- which should occur thirty days after an individual enters on duty with your office--changes in, or addition to, the information contained in these statements must be reported in a supplementary statement which must be returned no later than 19 August. The statement should cover the employment and financial interests as of 30 June. Your original and supplemental statements will continue to be reviewed by this Office. I shall examine all statements of employees paid at a level of the Executive Schedule and send those of the Deputy Directors forward to the Director of Central Intelligence for his review. These statements should be sent to me marked PERSONAL, CONFIDENTIAL and EYES ONLY. I shall retain these statements in a similarly marked file. All statements will be retained for a period of at least one year after the individual filing the statements has left the Agency. ✓

4. In addition, Deputy Directors should consider having all heads of offices and staffs and their deputies file such statements of employment and financial interest. These statements should be reviewed by the Deputy or Associate Deputy Director and should be retained in the Office of the Deputy Director for a period of at least one year after the employee leaves the position, unless the individual transfers to a similar, or is promoted to a higher, position. In the Directorate of Operations and perhaps in the Directorate of Science and Technology, the Chiefs of Support of various offices and staffs should, as a suggested rule of thumb, also be asked to file. If there are no changes or additions to the supplemental statements, a negative report is required. ✓

5. Beyond this point, the question of who should file rests with you. An employee paid at the grade of GS-13 or above must file if he or she is in a

position the basic duties and responsibilities of which require the exercise of judgment in making a Government decision or in taking Government action on contracting or procurement, administering or monitoring grants [redacted] regulating or auditing private or other non-federal enterprises, or other activities where the decision or action has an economic impact on the interests of any non-federal enterprise. Any individual filing a statement must list employment and financial interests in non-U.S. organizations in Part I of the statement.

6. This Office has had several questions in the past regarding whether employees who indirectly participate in decisions having an economic impact on non-federal enterprises or who, as part of their assignments, acquire proprietary information, should also file employment and financial statements. I believe it is prudent to "err on the side of caution" and ask such employees to file. Therefore, on a staff such as the IC Staff, employees recommending program decisions or who routinely have access to information concerning such decisions should file, as should, for example, employees of [redacted] the Office of Finance, or the Office of Research and Development who acquire trade secrets or commercial or financial information from a representative of a U.S. enterprise, etc., which is not in the public domain and which is given to the Agency on a privileged or confidential basis. Employees responsible for contracting, whether for Agency or community programs, should, of course, file. Deputy Directors may, however, exclude certain of these employees from filing if they make a determination that their duties are such that the likelihood of a conflict of interest involvement is remote or that they are at such a level of responsibility that filing is unnecessary because of the degree of supervision and review that exists over them (including the consideration of the inconsequential effect on the integrity of the Government). I would appreciate receiving a copy of such determinations. (An employee who feels his position has been improperly designated as one that requires the filing of a statement is entitled to a review of the requirement under the Agency's grievance procedure.)

7. To assure that your supplementary statements are received and reviewed in a timely fashion, the following procedure will be followed: a checkoff list should be established to be sure that all employees required to file statements have done so no later than 19 August; all statements should be reviewed by 9 September, at the latest, and resolution of any real or potential conflict of interest should be completed by me no later than 30 September.

8. Approval of each supplementary statement and, in fact, an original statement, must be shown affirmatively by initialing an "O.K." or other symbol of approval, the date of approval, and the initials of the approving officer.

9. It is my responsibility to ensure that the steps outlined above have been taken and that the Agency is in compliance with applicable law and regulations. Therefore, I ask that each of you submit to me by 16 September a report which contains the names of your employees required to file statements, the number received and the results of your review, such as the number approved and those awaiting final resolution. In the latter case, you should briefly summarize the problem and how you are handling it. I solicit your complete cooperation in this matter.

10. Further guidelines and some specific answers to various questions which have arisen in the past will be prepared by members of this Office, and Agency regulation [] is currently being revised for circulation sometime within the next few months. However, Congress is considering legislation in the conflicts of interest field which may preempt our efforts.

11. However, in your review of financial interest statements at this time, you should consider that an employee shall not:

(a) Have a direct or indirect financial interest that conflicts substantially, or appears to conflict substantially, with his Government duties and responsibilities; or

(b) Engage in, directly or indirectly, a financial transaction as a result of, or primarily relying on, information obtained through his Government employment.

This, however, does not preclude an employee from having a financial interest or engaging in financial transactions to the same extent as a private citizen not employed by the Government, so long as it is not prohibited by law, the Executive order, or Agency regulations.

12. Members of this Office will be available to advise and assist employees in the submission and review of statements of employment and financial interest. If you have any questions, please contact []

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Anthony A. Lapham